



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See *MCI v. FCC*, 515 F.2d 385 (D.C. Circ 1974).

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FOR IMMEDIATE RELEASE:  
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## FCC RELEASES STUDY ON HORIZONTAL CONCENTRATION IN THE CABLE TELEVISION INDUSTRY

### *Study Examines the Relationship Between Changes in Horizontal Concentration and the Flow of Programming to Viewers*

Washington, D.C. – The Federal Communications Commission’s Office of Plans and Policy (OPP) today released OPP Working Paper No. 35, “Horizontal Concentration in the Cable Television Industry: An Experimental Analysis.” Written by Mark Bykowsky and William Sharkey of OPP and by Anthony Kwasnica of Pennsylvania State University, the paper examines the effects of changes in horizontal concentration among cable operators on the flow of video programming to consumers. Also released today are the data upon which the study’s conclusions are based.

OPP periodically issues working papers on emerging issues in communications in order to stimulate debate. These papers represent the individual views of their authors and do not necessarily reflect the views of the FCC, any FCC commissioner, or other staff.

The paper uses experimental economics, introducing a new approach in analyzing important telecommunications public policy issues. Under this approach, the interactions among market participants (e.g., programming networks and multichannel video program distributors (“MVPDs”)) are examined in a controlled laboratory setting. These interactions occurred in an “experimental market” that attempts to parallel the market in which programming networks (i.e., sellers) and MVPD service providers (i.e., buyers) negotiate the price terms (“affiliate fees.”) under which the latter obtain the right to distribute the formers’ programming. A series of experiments were conducted using real “subjects” that faced incentives similar to those that participants in the actual market face. Experiments examined, among other things, the effects of changes in the level of horizontal concentration among cable operators. Three different experimental “treatments” were considered, in which the largest cable operator served, respectively, 27%, 44%, and 51% of the MVPD market. Different measures were used to assess performance, including buyer bargaining power and seller profits and losses.

The paper is intended to stimulate an informed discussion regarding horizontal ownership in the cable television industry.

Today the Media Bureau also is releasing a Public Notice (DA 02-1304) seeking comment on the value of the study in providing empirical evidence relevant to the ownership issues raised in the Commission's pending cable ownership rulemaking proceeding and the AT&T/Comcast license transfer proceeding.

The full text of the paper is available at either [www.fcc.gov/opp](http://www.fcc.gov/opp) or [www.fcc.gov/mb](http://www.fcc.gov/mb).  
OPP contact: Mark Bykowsky (202) 418-1695.

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